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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

Federal Communications Commission
Office of Secretary

Amendment to the Commission's Rules) WT Docket No. 95-157
Regarding a Plan for Sharing the Costs) RM - 8643
of Microwave Relocations)

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COMMENTS OF PRIMECO PERSONAL COMMUNICATIONS, L.P.

PrimeCo Personal Communications, L.P. ("PrimeCo") submits the following comments on the proposal of the Industrial Telecommunications Association ("ITA") to establish a cost-sharing clearinghouse. PrimeCo has already concluded a large number of relocation agreements, some of which are subject to a private cost-sharing agreement. The costs that PrimeCo can recover from many of the other agreements, however, can only be done through the cost-sharing plan adopted by the FCC. Consequently, the efficient operation of the cost-sharing plan is of paramount interest to PrimeCo.

By public notice,¹ the FCC invited comment on the feasibility of competing clearinghouses. While PrimeCo believes that it is possible for competing clearinghouses to operate, it doubts that great benefits will, in this instance, flow to the industry from such an arrangement. For one thing, the business of this clearinghouse will decline over time and end altogether at the expiration of the ten-year relocation period. Most of the activity will take place at the beginning of the clearinghouse's operation and probably decline thereafter. With an ever declining number of transactions to clear, competing clearinghouses will have fewer and fewer units over which to spread their costs. This

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leads PrimeCo to suspect that costs and efficiencies would not be optimized in this setting.

The larger point, however, is to avoid confusing means with ends. The clearinghouse is but a means to the end of increased wireless competition through rapid deployment of PCS. The clearinghouse should be nothing more than an efficient tool to achieve the goals of the FCC's policy. PrimeCo believes that authorizing a single clearinghouse is the best means to that end.

If, however, the Commission decides to authorize competing clearinghouses, PrimeCo recommends the adoption of a set of principles to ensure that the industry can realize the benefits such an arrangement is supposed to produce. First, each clearinghouse needs to be free to adopt the procedures and formats it determines are best suited to its customers. This will afford the cost-sharing participants a choice in the marketplace, without which there is no point in having competing organizations. Second, the FCC has to require that all clearinghouses authorized to compete must abide by the conditions established by the Commission and the Wireless Bureau. This means that the cost-sharing participants are free to choose any clearinghouse they desire and that they do not have to register with, or pay fees to, more than one clearinghouse. Most important of all, in PrimeCo's view, no clearinghouse can have the power to involve itself in any way in the private cost-sharing agreements of the participants except to the extent those participants and the FCC's rules permit. Third, the clearinghouses should operate on a non-profit basis with the fees based on costs. Any excess funds over expenses should be returned to

¹ FCC Public Notice, "Wireless Telecommunications Bureau Solicits Business Plans from Parties Interested in Becoming the Clearinghouse that Will Administer the 2 GHz Relo-

the clearinghouse participants. Finally, the clearinghouse managers must operate to facilitate the deployment of PCS. Substantial PCS industry participation in the governance of the clearinghouses is therefore essential.

With these principles in mind, PrimeCo views the proposal of ITA skeptically. In the first place, the impartiality of ITA is open to question given that its CEO has acted as a consultant to some microwave incumbents during the relocation negotiations. ITA's proposal compounds this difficulty by denying the PCS industry any role whatsoever in the governance of the clearinghouse. Furthermore, ITA, to the best of PrimeCo's knowledge, has not sought the advice of the PCS industry in developing its clearinghouse proposal. Given that it is the PCS industry that will be the customer for ITA's services, this oversight is perplexing and casts doubt on the reliability of the assumptions ITA has relied upon for its business plan.²

By contrast, the proposal put forward by the Personal Communications Industry Association ("PCIA") was developed in concert with the PCS industry and provides for industry participation in the clearinghouse's governance. Several PCS licensees, including PrimeCo, have agreed to provide the clearinghouse with the funding needed to begin its operations.³ The PCIA proposal rests upon conservative revenue assumptions, and it is designed to minimize cost. Perhaps most important of all, PCIA's proposal ensures that the information delivered to the clearinghouse by the PCS licenses and others will be

cation Cost-Sharing Plan," DA 96-647 (released April 25, 1996).

² In this vein, ITA's revenue projections appear to PrimeCo unrealistic. ITA assumes 4,000 relocations over the next two years, but seems not to consider that other clearinghouses will have a similar capacity to handle transactions. Eight thousand or more transactions in the next two years is probably too optimistic a view of the market.

treated with the utmost confidentiality. For these reasons, PrimeCo regards the PCIA proposal as superior to the one put forward by ITA.

CONCLUSION

For the reasons set forth above, PrimeCo urges the Commission not to authorize competing clearinghouses since this arrangement is more likely to increase relocation costs rather than to reduce them. If, however, the Commission should decide to permit competing clearinghouses, then the FCC should adopt the principles described above to ensure that this arrangement facilitates the deployment of PCS.

Finally, for the reasons described herein, PrimeCo urges the Commission to approve the proposal of PCIA and to reject that of ITA.

Respectfully submitted,

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³ ITA, which intends to fund its clearinghouse through its own resources, has not made a showing that it is financially able to implement the program it proposes.